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Post-War Standards for Industrial Relations¹

By HENRY P. KENDALL

NO serious minded men today feel that we shall return to the *status quo ante*. Prior to the war the problem of industrial relations was the greatest problem with which the American people had to deal. The need of immense production after the beginning of the war caused a violent readjustment of the machinery of production. With it came an equally complete change in the matters of working conditions. The withdrawal of so many men for the army accentuated this. The increased cost of living, the failure at the outset to regulate matters affecting production and labor upset the former balance of economic laws of supply and demand, with the result that labor found itself in the position of having the balance of power. The extravagant and disproportionate increase in wages and the unregulated competition of government departments, munition plants and private enterprises caused such a degree of unrest that the government was compelled to interfere or else face the possibility of failure of winning the war.

The governmental agencies set up in the various wage adjustment boards, at first working independently, then in the so-called War Labor Board and War Labor Policies Board, unquestionably have served a purpose, but for one reason or another have failed to win the confidence of any great portion of the country. The war has now ceased. The labor problem stands in higher relief as the great problem facing the American people today. The question before organized business is, will they be far-sighted in formulating a declaration of right principles on which they can meet employes and the public on a new forum where sound industrial relations can be secured and maintained not by a measure of economic strength as in the past but by the rule of reason.

There are four ways in which this problem will be considered. *First*, a set of federal industrial courts after the plan of the Australian system, through which compulsory arbitration is virtu-

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ally in force, with a huge governmental machinery set up to carry it out. The experiences of the war period hardly tended to increase the confidence in or the desire to further on any large scale governmental interference in this delicate and complex problem. There is the *second* plan of wage adjustment boards set up by the industries themselves and their employes with equal representation on each side. These boards should in advance determine and agree on standards of wages, hours and conditions of employment, in which both parties interested should have an equal voice. Such boards today in many large industries are working well. The most important contribution which the War Labor Policies Board has made has been its attempt to further this plan in such industries as the metals, needles trades, and building trades. The *third* method of approaching the problem of industrial relations is to hold that since labor and management are in an irreconcilable conflict, proper procedure is merely to keep up the fight until one side is beaten or things get so bad that the country at large will take a hand. The *fourth* plan is simply to let things drift to an approximation of a *status quo ante*, which very few believe is either sound or wise.

The second plan, it seems to me, is the only possible safeguard for management and is sound in business principles and in ethics. Farseeing business men today would do well to speak in no misunderstood fashion and declare the principles for which they stand. They must be ready to meet the situation squarely with a full knowledge of economic law and the laws of society. There are certain principles on which wage adjustment boards by industries are founded. An outstanding part of the plan is to grant representation within shops, on the theory that the employes are entitled to a voice in determining the conditions under which they work. Other principles which should govern and on which any wise action can be taken are the following:

(1) The recognition that industrial enterprises are the source of livelihood to workers as well as to employers and should be conducted with a view of the greatest opportunity for all concerned.

(2) That much of the industrial unrest is caused by irregularity of employment which can be lessened greatly if industries and communities will face this problem and feel it is their responsibility, and coöperate to standardize methods, customs and styles,

to give regularity of employment. The conservation measures of the War Industries Board have shown to what extent improvements in manufacturing methods and production can be made when industries are willing to standardize. So also on regularity of employment equal improvements can be made.

(3) The right of workers to organize in joint action not inimical to the general welfare cannot be denied. Such recognition, however, must be joined with responsibility of both parties to the faithful observance of collective agreements and coöperation with the management to promote the efficiency of the establishment as a whole.

(4) Impartial agencies such as outlined above must be set up to interpret agreements and to apply them in particular cases and to make prompt and authoritative settlements.

(5) The right of all workers, including common laborers, to a living wage is declared.

(6) When the volume of business declines, wages should be the last item to be cut down. It has been demonstrated that high wages and national prosperity are corollaries.

(7) Wherever there is a standardized wage there should be a definite standardized measure of performance and all workers have a right to compensation in proportion to their individual accomplishments, ability and service.

In any plants where there are sufficient numbers of employed, where the personal relations of the proprietor are more or less lost, the interests of the employes should be delegated to some one person as a labor manager or director of personnel who should have charge of this function of business. It is my conviction that the Chamber of Commerce could do no more useful work than furthering throughout the business interests of the country the idea of the importance of the employment manager by which industries and corporations shall have a department which is sensitive and responsive to the grievances and aspirations of the employes.

In panic times, the country realizes the inflexibility of the present methods of distributing labor. The Labor Department has established a system of public employment offices. I believe that in theory this is just as sound for the flexibility of labor as the Federal Reserve Board is for the flexibility of currency. These,

however, should not be contaminated with a political influence. The practice should be extended by decentralized control through local agencies made up of representatives of employers and employes and the public should control such agencies and a high standard of efficiency be reached.

Unless a study of underlying social conditions in Germany, in Russia, in Great Britain, as well as in our own country, will disclose strong currents setting in definite directions, it is the responsibility of wise business men through organization to discover these currents and help to direct them into proper channels. This cannot be done by ignoring the great problem of industrial relations or simply fighting organized labor. The sound solution of this great problem will determine the future political, economic and social stability as well as the industrial prosperity of this great country. Shall the only big organization representative of business in its broadest sense throughout the country remain silent on this subject? Is there any more important business problem? Shall it lead the way and declare a set of principles about which business may rally and which shall serve as a guide to governmental action so far as it is required, in addition to what the business men of the country in conjunction with the workers accomplish by their own means?